

SOLDIER TOWNSHIP  
SHAWNEE COUNTY, KANSAS

Year Ended December 31, 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Soldier Township  
Shawnee County, Kansas

We have audited the accompanying financial statements of Soldier Township, Shawnee County, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 3, the Township has prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Township, as of December 31, 2011, and its cash receipts and expenditures and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 3.

*Groff & Berry*

December 15, 2012

## SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended December 31, 2011

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental type:						
General	\$ 34,451	\$ 145,084	\$ 174,459	\$ 5,076	\$ 552	\$ 5,628
Special revenue:						
Road fund	56,541	1,442,946	1,467,313	32,174	26,543	58,717
Fire fund	64,574	497,419	442,261	119,732	966	120,698
Employee benefits fund	70,433	241,571	277,656	34,348	-	34,348
Special highway fund	155,340	59,944	59,921	155,363	-	155,363
Special machinery fund	51,449	153,350	71,487	133,312	-	133,312
Special fire protection fund	290,700	174,000	247,095	217,605	20,785	238,390
Total reporting entity	<u>\$ 723,488</u>	<u>\$ 2,714,314</u>	<u>\$ 2,740,192</u>	<u>\$ 697,610</u>	<u>\$ 48,846</u>	<u>\$ 746,456</u>

## Composition of cash:

Cash in CoreFirst Bank & Trust,  
Topeka, Kansas:  
  Checking account  
  Less: outstanding warrants  
  Certificate of deposit

\$ 244,994	\$ 220,287
<u>24,707</u>	<u>526,169</u>
	\$ <u>746,456</u>

Total reporting entity

The accompanying notes are an integral part  
of these financial statements.

## SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
Governmental type:					
General	\$ 152,518	\$ -	\$ 152,518	\$ 174,459	\$ (21,941)
Special revenue:					
Road fund	1,462,568	-	1,462,568	1,467,313	(4,745)
Fire fund	468,338	-	468,338	442,261	26,077
Employee benefits fund	310,547	-	310,547	277,656	32,891

The accompanying notes are an integral part  
of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 123,031	\$ 124,574	\$ (1,543)
Delinquent tax	867	-	867
Motor vehicle tax	17,031	17,655	(624)
Recreational vehicle tax	309	329	(20)
16/20M vehicle tax	63	208	(145)
Interest on idle funds	2,179	-	2,179
Other	<u>1,604</u>	<u>-</u>	<u>1,604</u>
Total cash receipts	<u>145,084</u>	<u>\$ 142,766</u>	<u>\$ 2,318</u>
Expenditures:			
Officer's pay	6,660	\$ 6,660	\$ -
Salaries and wages	26,222	38,818	12,596
Supplies	16,905	10,555	(6,350)
Building maintenance	-	46,932	46,932
Insurance	33,595	24,853	(8,742)
Operations - training	-	500	500
Publications	1,742	1,500	(242)
Audit and legal	5,379	4,900	(479)
General expense	3,956	17,800	13,844
Transfer to Fire	30,000	-	(30,000)
Transfer to Road	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total expenditures	<u>174,459</u>	<u>\$ 152,518</u>	<u>\$ (21,941)</u>
Receipts over (under) expenditures	(29,375)		
Unencumbered cash, beginning of year	<u>34,451</u>		
Unencumbered cash, end of year	<u>\$ 5,076</u>		

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of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

ROAD FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 1,109,277	\$ 1,123,322	\$ (14,045)
Delinquent tax	14,210	-	14,210
Motor vehicle tax	188,308	192,044	(3,736)
Recreational vehicle tax	3,415	3,577	(162)
16/20M vehicle tax	2,039	2,267	(228)
Special highway gasoline tax	61,775	61,358	417
Other	13,922	5,000	8,922
Transfer - general fund	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total cash receipts	<u>1,442,946</u>	<u>\$ 1,387,568</u>	<u>\$ 55,378</u>
Expenditures:			
Salaries and wages	414,504	\$ 445,937	\$ 31,433
Road materials	619,464	633,300	13,836
Equipment	79,956	127,000	47,044
Supplies	20,859	20,065	(794)
Operations	112,464	45,000	(67,464)
Utilities and insurance	11,678	62,633	50,955
Replacement	-	95,000	95,000
Other	38,388	-	(38,388)
Transfer - special highway	30,000	33,633	3,633
Transfer - special machinery	<u>140,000</u>	<u>-</u>	<u>(140,000)</u>
Total expenditures	<u>1,467,313</u>	<u>\$ 1,462,568</u>	<u>\$ (4,745)</u>
Receipts over (under) expenditures	(24,367)		
Unencumbered cash, beginning of year	<u>56,541</u>		
Unencumbered cash, end of year	<u>\$ 32,174</u>		

The accompanying notes are an integral part  
of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS  
FIRE FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 377,365	\$ 382,028	\$ (4,663)
Delinquent tax	4,176	-	4,176
Motor vehicle tax	48,980	49,876	(896)
Recreational vehicle tax	888	929	(41)
16/20M vehicle tax	560	589	(29)
Other	35,450	-	35,450
Transfer - general fund	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total cash receipts	<u>497,419</u>	<u>\$ 433,422</u>	<u>\$ 63,997</u>
Expenditures:			
Salaries and wages	281,220	\$ 310,205	\$ 28,985
Supplies	12,970	-	(12,970)
Equipment	40,817	91,734	50,917
Operations	32,254	66,399	34,145
Transfer to special fire	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total expenditures	<u>442,261</u>	<u>\$ 468,338</u>	<u>\$ 26,077</u>
Receipts over (under) expenditures	55,158		
Unencumbered cash, beginning of year	<u>64,574</u>		
Unencumbered cash, end of year	<u>\$ 119,732</u>		

The accompanying notes are an integral part  
of these financial statements.



SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS  
EMPLOYEE BENEFITS FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 192,419	\$ 194,750	\$ (2,331)
Delinquent tax	2,485	-	2,485
Motor vehicle tax	39,668	40,664	(996)
Recreational vehicle tax	720	757	(37)
16/20M vehicle tax	345	480	(135)
Other	<u>5,934</u>	<u>-</u>	<u>5,934</u>
Total cash receipts	<u>241,571</u>	<u>\$ 236,651</u>	<u>\$ 4,920</u>
Expenditures:			
Taxes	53,096	\$ 66,000	\$ 12,904
Insurance	168,068	178,547	10,479
KPERs unemployment	56,492	56,000	(492)
Operations	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total expenditures	<u>277,656</u>	<u>\$ 310,547</u>	<u>\$ 32,891</u>
Receipts over (under) expenditures	(36,085)		
Unencumbered cash, beginning of year	<u>70,433</u>		
Unencumbered cash, end of year	<u>\$ 34,348</u>		

The accompanying notes are an integral part  
of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS  
SPECIAL HIGHWAY PROJECT FUND (NOT BUDGETED)  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
For the Year Ended December 31, 2011

	<u>Actual</u>
Cash receipts:	
Intergovernmental	\$ 29,944
Transfer from road fund	<u>30,000</u>
Total cash receipts	<u>59,944</u>
Expenditures:	
Special highway expense	<u>59,921</u>
Total expenditures	<u>59,921</u>
Receipts over (under) expenditures	23
Unencumbered cash, beginning of year	<u>155,340</u>
Unencumbered cash, end of year	<u>\$ 155,363</u>

The accompanying notes are an integral part  
of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS  
SPECIAL MACHINERY FUND (NOT BUDGETED)  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
For the Year Ended December 31, 2011

	<u>Actual</u>
Cash receipts:	
Other reimbursements	\$ 13,350
Transfer from road fund	<u>140,000</u>
Total cash receipts	<u>153,350</u>
Expenditures:	
Special machinery expense	<u>71,487</u>
Total expenditures	<u>71,487</u>
Receipts over (under) expenditures	81,863
Unencumbered cash, beginning of year	<u>51,449</u>
Unencumbered cash, end of year	\$ <u><u>133,312</u></u>

The accompanying notes are an integral part  
of these financial statements.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS  
SPECIAL FIRE PROTECTION RESERVE FUND (NOT BUDGETED)  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
For the Year Ended December 31, 2011

	<u>Actual</u>
Cash receipts:	
Insurance proceeds	\$ 99,000
Transfer from fire fund	<u>75,000</u>
Total cash receipts	<u>174,000</u>
Expenditures:	
Special fire protection expense	119,498
Building	<u>127,597</u>
Total expenditures	<u>247,095</u>
Receipts over (under) expenditures	(73,095)
Unencumbered cash, beginning of year	<u>290,700</u>
Unencumbered cash, end of year	<u>\$ 217,605</u>

The accompanying notes are an integral part  
of these financial statements.

# SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

## NOTES TO FINANCIAL STATEMENTS

### 1 - Reporting Entity

Soldier Township, Shawnee County, Kansas, is an organized township in accordance with K.S.A. 80-101; et seq., the Township is governed by a three-member board of trustees made up of a trustee, clerk and treasurer. The Township receives funding from local, State and federal government sources and must comply with the concomitant requirements of these funding entities. These financial statements present Soldier Township (the primary government) only since it has no component units or other entities requiring inclusion.

### 2 - Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Township for the year 2011:

#### Governmental Funds

General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

### 3 - Summary of Significant Accounting Policies

#### Statutory Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

3 - Summary of Significant Accounting Policies (Continued)

Statutory Basis of Accounting (Continued)

The Township has approved a waiver by resolution from generally accepted accounting principles which allows the Township to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in  
the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the Township are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund and special revenue funds (unless exempted by a specific statute). The statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of budgets for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

3 - Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budget amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund type showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital project funds, trust funds and the following special revenue funds:

Special Highway Fund  
Special Machinery Fund  
Special Fire Protection Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

3 - Summary of Significant Accounting Policies (Continued)

Annual and Sick Leave Pay

Under the terms of the Township's personnel policy, the Township employees are granted annual and sick leave in varying amounts depending on length of service and department of assignment. Annual leave is allowed as follows:

	<u>Continuous Years of Service</u>	<u>Working Days</u>
Road Department	1	5
	2	10
	10	15
	20 and Over	20
Fire Department	1	5
	5	8
	10	10

Unused annual leave shall not accumulate from year to year. Sick leave is 6 days per year accumulating to 21 days. Any employee with over 21 days of unused sick leave accumulated as of December 1 of each year shall be paid \$ 25 per day over 21 days. Emergency leave is 3 days per year for the road department and 2 days per year for the fire department and does not accumulate.

At December 31, 2011, the Township estimates that accumulated unpaid annual leave and sick leave are immaterial to the financial statements taken as a whole.

4 - Defined Benefit Pension Plan

Plan description. The non-school municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3869) or by calling 1-800-275-5737.



SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

4 - Defined Benefit Pension Plan (Continued)

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 was 6.72%. The non-school municipality employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$ 23,881, \$ 23,008, and \$ 33,439, respectively, equal to the statutory required contributions for each year.

5 - Compliance with Kansas Statutes

Indebtedness and Available Cash

Indebtedness was not created in excess of available cash in any fund during the year 2011.

Expenditures and Budget

Expenditures exceeded appropriations in the general fund and road fund during 2011.

6 - Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires that banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located or in an adjoining county, if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices.

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Deposits (Continued)

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. During 2011, the Government had no "peak period" coverage. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the carrying amount of the Township's deposits, including certificates of deposit, was \$ 746,456 and the bank balance was \$ 771,163. The amount of \$ 244,944 is invested in a Public Fund Revolving Repurchase Agreement issued by CoreFirst Bank & Trust, Topeka, Kansas. Of the bank balance, \$ 250,000 was covered by Federal Depository Insurance. The account is also collateralized by securities with a market value of \$ 1,956,200 held by a third-party financial institution, but such securities are not registered in the Township's name.

7 - Leases

In 1987, the Township leased a tract of land from Seaman Unified School District No. 345 on which a water tower has been constructed. The term of the lease agreement is 50 years. Rent of \$ 1 for the entire term was prepaid in 1987.

8 - Operating Transfers

The Township made the following operating transfers during 2011. The transfers were approved by the Township Board.

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
Road fund	Special machinery fund	K.S.A. 68-141g	\$ 140,000
Road fund	Special highway project fund		30,000
Fire fund	Special fire protection reserve fund	K.S.A. 80-1558	75,000
General fund	Fire fund		30,000
General fund	Road fund		50,000

SOLDIER TOWNSHIP, SHAWNEE COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

9 - Contingency

The Township receives federal and State grants from time to time for specific purposes that are subject to review and audit by federal and State agencies. Such audits could result in a request for reimbursement by federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Township management, such disallowance, if any, will not be significant to the Township's financial statements.

10 - Subsequent Events

Management has reviewed subsequent events through December 15, 2012.